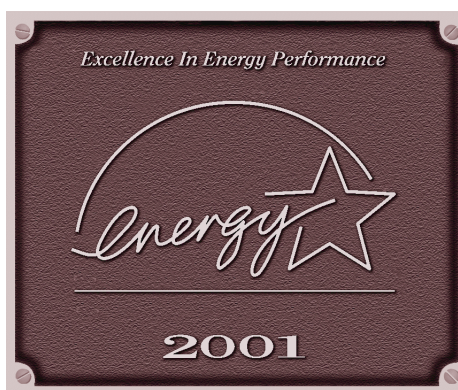




The ENERGY STAR® Label for Office Buildings

Benchmark Energy Performance—Score an ENERGY STAR

ENERGY STAR's portfolio manager is a no-cost, Internet-based energy tracking tool that establishes a "miles per gallon" rating of an office building's energy performance. It can be used to identify and track the energy performance of a single building or a portfolio of buildings. This unique tool compares the energy performance of a given office building with data derived from a survey of U.S. office buildings, and then assigns the property a percentile score from 1 to 100. Buildings that achieve a score of 75 or higher qualify to receive the ENERGY STAR label, a brass plaque that can be used to promote a building's superior profitability, competitiveness, and value.



The Portfolio Manager and the ENERGY STAR Label

The portfolio manager provides the insight that property owners and managers need to optimize the energy and financial performance of commercial real estate portfolios.

Performance Assessment. The tool calculates a building's score between 1 and 100 based on a comparison of basic building operating data and compares it to a national database of building characteristics. The score is documented by the *Statement of Energy Performance*.

Management. The portfolio manager can be used to set future energy performance targets and track progress toward these targets. Owners can prioritize properties for energy upgrade investments, and identify successful property managers.

Measurement & Verification. The tool provides a normalized score that adjusts for changes to building operating characteristics, physical attributes, and weather. It also captures the effects of equipment upgrades and management practices. The *Statement of Energy Performance* documents the normalized energy use and pollution prevented. It is also used to compare the energy usage and costs before

For more information

For more information about ENERGY STAR or how improving energy performance can enhance asset value, call the toll free ENERGY STAR hotline at **1-888-STAR YES (1-888-782-7937)**, visit www.energystar.gov, or contact: the Program Director of ENERGY STAR Programs
US EPA (6202J)
Ariel Rios Building
1200 Pennsylvania Avenue, NW
Washington, DC 20460

and after upgrades to assist owners and managers in verifying the effectiveness of energy performance improvements.

Business Transactions. The score and financial data that are represented on the *Statement of Energy Performance* can be used to align a property's disposition with a particular investment strategy when buying, selling, appraising, insuring, and financing buildings. A low benchmarking score represents potential for an opportunistic or value-added investment. A high score can be aligned with a core investment strategy. A statement indicating a building's superior energy performance can be used to market a property to prospective tenants. In addition, this document can be used when contracting for energy and property management services.

Recognition. Buildings that score in the top 25 percent, 75 or higher, are awarded the prestigious ENERGY STAR label.

Improved Energy Performance Generates Higher Profits

Investor-owned, income-producing properties will generate higher profits from improved energy performance, making them more competitive, profitable, and valuable. Energy comprises about 30 percent of the operating expenses, and represents about 15 percent of the net operating income (NOI) of a typical office building. On average, energy upgrades have a 20 to 30 percent rate of return and are low risk. At a 10 percent capitalization rate, an income property owner can generate \$2 to \$3 in incremental asset value for each \$1 invested in energy performance improvements.

After benchmarking a building's energy performance, qualifying properties can display the ENERGY STAR label. Properties that score below 75 can set financial and energy performance goals for energy upgrades using EPA's QuikScope software tool and other unbiased technical materials. QuikScope determines the financial viability of energy-efficiency upgrades in multi-tenant office buildings by assessing the costs and benefits of energy performance improvements. It allows the user to model a variety of leasing scenarios, allocates the costs and savings of energy efficiency upgrades between the owner and tenants, and demonstrates how industry-accepted strategies (such as tenant cost recovery, future rent increases, and higher occupancy) can help increase a building's net operating income and asset and shareholder value.

Benchmark Today

Visit the portfolio manager on EPA's Web site today at www.energystar.gov, and see how your properties measure up. To learn more about the ENERGY STAR program for commercial real estate call 1-888-STAR-YES (1-888-782-7937).